

Internal Revenue Service
Appeals Office

Department of the Treasury

Employer Identification Number:

Date: JUN 24 2016

Person to Contact:

ORG

Number: 201638028

Date Release: 9/16/2016

Tax Period(s) Ended:
All Years

UIL: 501.07.00

Certified Mail

Dear :

We considered your appeal of the adverse action proposed by the Director, Exempt Organizations, Rulings and Agreements. Our final determination is that you do not qualify for exemption from federal income tax under Internal Revenue Code (the "Code") Section 501(a) as an organization described in Section 501(c) (7) of the Code.

Our adverse determination was made for the following reason(s):

You are not operated substantially for pleasure, recreation, or other nonprofitable purposes under IRC §501(c)(7). You provide substantial non-recreational services to your members who privately own their cottages on your land. You maintain the road and preserve the plot of land that you own and ensure that structures on the land have clean drinking water. Your members do not use the plot of land and the structures located on it solely for recreational purposes. Your members own cottages on your land and your activities benefit your members in their capacities as homeowners.

By providing homeowners with road maintenance, landscaping and clean drinking water, you do not serve purposes of pleasure and recreation. Rather, your activities are related to home or land ownership. An organization that maintains a social club for its members as described in IRC §501(c)(7) but also engages in activities that are not the function of a social club is not exempt under IRC §501(c)(7).

You are required to file federal income tax returns on Forms 1120. File your returns with the appropriate Internal Revenue Service Center per the instructions of the return. For further instructions, forms, and information please visit www.irs.gov.

We will make this letter and the proposed adverse determination letter available for public inspection under Code section 6110 after deleting certain identifying information. We have provided to you, in a separate mailing, Notice 437, *Notice of Intention to Disclose*. Please review the Notice 437 and the documents attached that show our proposed deletions. If you disagree with our proposed deletions, follow the instructions in Notice 437.

If you decide to contest this determination, you may file an action for declaratory judgment under the provisions of section 7428 of the Code in one of the following three venues: 1) United States Tax Court, 2) the United States Court of Federal Claims, or 3) the United States District Court for the District of Columbia. A petition or complaint in one of these three courts must be filed within 90 days from the date this determination letter was mailed to you. Please contact the clerk of the appropriate court for rules and the appropriate forms for filing petitions for declaratory judgment by referring to the enclosed Publication 892. You may write to the courts at the following addresses:

United States Tax Court
400 Second Street, N.W.
Washington, D.C. 20217

U.S. Court of Federal Claims
717 Madison Place, N.W.
Washington, D.C. 20439

U.S. District Court for the District of Columbia
333 Constitution Ave., N.W.
Washington, D.C. 20001

Processing of income tax returns and assessments of any taxes due will not be delayed if you file a petition for declaratory judgment under section 7428 of the Internal Revenue Code.

You may also be eligible for help from the Taxpayer Advocate Service (TAS). TAS is an independent organization within the IRS that can help protect your taxpayer rights. TAS can offer you help if your tax problem is causing a hardship, or you've tried but haven't been able to resolve your problem with the IRS. If you qualify for TAS assistance, which is always free, TAS will do everything possible to help you. Visit www.taxpayeradvocate.irs.gov or call 1-877-777-4778.

If you have any questions about this letter, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely Yours,

George Poskitt
Appeals Team Manager

Enclosure: Publication 892